

TOWN OF WESTERLY, RHODE ISLAND

AFFORDABLE HOUSING PLAN

Adopted by Westerly Town Council on December 6, 2004

**Revised June 2005 per review comments of
RI Statewide Planning Program & RI Housing & Mortgage Finance Corporation and
RI Housing & Mortgage Finance Corporation**

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CHAPTER I – AFFORDABLE HOUSING PLAN OVERVIEW

Executive Summary

This Affordable Housing Plan constitutes an amendment to the housing element of Westerly's Community Comprehensive Plan. It serves as a guide to for-profit developers, non-profit organizations and public entities as to the types, number and location of affordable housing units that are desired by the Town to ensure that at least 10% of Westerly's housing units will be affordable to low and moderate income households whose income is equal to or less than 80% of the Area Median Income. This affordable housing plan has been prepared pursuant to requirements of Rhode Island's Comprehensive Planning and Land Use Regulation Act (R.I.G.L. 45-22.2) and the Low and Moderate Income Housing Act (R.I.G.L. 45-53), as amended in July 2004. It was endorsed by the Westerly Planning Board on November 23, 2004, adopted by Westerly Town Council on December 6, 2004, and subsequently modified in April 2005 to contain comments required by RI Statewide Planning Program and RI Housing & Mortgage Finance Corporation (RIHMF) as a condition of state agency approval.

In March 2005, approximately 5.05% of Westerly's total year round housing stock met the state's statutory definition of "Low or Moderate Income Housing." This plan identifies specific strategies Westerly will use to attain a sufficient number of housing units to achieve a 10% affordable housing threshold over a 20-year timeframe, which is considered a reasonable period, taking into consideration anticipated residential growth based on historical building permit activity. This will necessitate construction of an additional 718 low or moderate-income housing units. This plan also identifies the types of low and moderate-income units (e.g. family, elderly, special needs) to be produced by these strategies, which must number in proportion to the town's unmet housing needs. In keeping with the goals of Westerly's Comprehensive Plan, it is intended that low and moderate income housing be provided in a manner that maintains the character of the community and is commensurate with the ability of the town to provide good quality and cost effective services to all of its residents.

The following strategies are contained in this plan to achieve Westerly's affordable housing goal:

- Inclusionary Affordable Housing within "For Profit" Developments
- Scattered Site Development for Non-Profits and Public Entities
- Historic Mill Adaptive Re-Use & Mill Village Revitalization
- Downtown Arts District Affordable Housing Demonstration Project
- Local Rehabilitation Tax Credits, Revolving Loan Fund & Accessory Apartments
- Support creation of a Regional Affordable Housing Community Development Corporation
- Establish an Affordable Housing Partnership

It is believed that the State Housing Appeals Board (SHAB) will more likely uphold local approvals or denials of a Comprehensive Permit submitted pursuant to R.I.G.L. 45-53, if Westerly has incorporated a sound affordable housing plan in the housing element of the local Comprehensive Plan. By demonstrating that this affordable housing plan can be implemented

within a reasonable period of time, Westerly can be assured of local control of land use decisions and, at the same time, take action to increase affordable housing opportunities for local families, neighbors, and the community's work force.

Rhode Island Law Governing Affordable Housing

The Comprehensive Planning and Land Use Regulation Act of 1988 (R.I.G.L. 45-22.2-6) requires that every town and city include a housing element in its comprehensive plan, as follows:

“The housing element includes an affordable housing plan that identifies housing needs in the community, including, but not limited to, the needs for low and moderate income housing, establishes goals and policies to address these needs, consistent with available resources and the need to protect public health, including drinking water supplies, and safety and environmental quality. The housing plan includes an implementation program of actions to be taken to effectuate the policies and goals of the affordable housing plan.”

The State Planning Council's *Handbook on the Local Comprehensive Plan* (Handbook 16), as amended in September 2003 states:

“Specifically the affordable housing plan should be a clear statement to guide the housing development community that allows them to identify the types and number of low and moderate income housing units needed by the community and the specific areas deemed suitable by the community for siting (and/or rehabilitation) of the needed units. Locations designated by the community to address their affordable housing plan needs must be identified with sufficient detail to establish their suitability and capacity to accommodate the needs documented in this plan.”

The Low and Moderate Income Housing Act (R.I.G.L. 45-53), as amended in July 2004, requires that a municipality's housing element provide for low and moderate income housing of not less than 10% its total number of housing units. According to R.I.G.L. 45-53-3:

“Low or moderate income housing” means any housing subsidized by the federal or state government under any program to assist the construction or rehabilitation of low or moderate income housing, as defined in the applicable federal or state statute, whether built or operated by any public agency or any nonprofit organization, or by any limited equity housing cooperative or any private developer”.

This Act sets forth a process whereby any public agency, nonprofit organization, or for-profit developer proposing to build low or moderate income housing as defined in the Act may submit a single application for a comprehensive permit to the Planning Board, in lieu of separate applications to other local agencies. If denied at the local level, the proposing entity may appeal to the SHAB, which may consider a number of factors in its decision-making process, including the extent to which the community meets or plans to meet the 10% standard for existing low and moderate income housing units as defined in the Act.

Provided that towns have in place a state-approved affordable housing plan and do not unreasonably deny Comprehensive Permit applications, they may limit the total number of units

applied for annually under provisions of the Low and Moderate Income Housing Act to 1% of their year-round housing stock.

Plan Methodology

This plan is based partly on work of BC Stewart & Associates and MAPPLAN Associates who were retained by the Washington County Regional Planning Council (WCRPC). The effort of WCRPC's consultants was two-pronged: 1) creation of a regional affordable housing strategy, covering nine Washington County and two Kent County communities, and 2) preparation of nine housing plans, including Westerly. While the work of BC Stewart & Associates was found to be helpful – particularly the firm's analysis of CHAS data and a locally distributed questionnaire – the final plan has been substantially rewritten by Westerly Town Planner William Haase, with input from former Westerly Town Planner Joseph Lombardo.

Draft versions of this plan were reviewed by Westerly's Affordable Housing Task Force, whose members were appointed by the Town Manager. Task Force membership included private-sector real estate developers, members of the Westerly Planning Board, non-profit officials, and representatives from the Westerly Housing Authority. Task Force members helped frame and identify the affordable housing strategies outlined in Chapter V of this plan. This Task Force also had responsibility for raising public awareness about the need for affordable housing, and advocacy for maintaining Westerly's existing stock of these housing units. Prior to plan adoption, the Westerly Planning Board and Westerly Town Council each conducted public hearings that were publicized in the Westerly Sun newspaper. In early 2005, this plan was reviewed by the RI Statewide Planning Program and RIHMFC, whose comments have been incorporated into this revised document.

Four primary methodologies were used to develop Westerly's affordable housing plan: 1) analysis of demographic data, drawing primarily from the U.S. Census; 2) review of policies, regulations, reports and studies (both local and from other parts of the United States); 3) interviews and meetings with Westerly's affordable housing providers and members of the Affordable Housing Task Force; and 4) an informal survey-questionnaire sent by MAPPLAN Associates to Task Force members and other local officials.

The most important demographic data source is the 2000 U.S. Census, which forms the basis for the U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS) database, which provides detailed information regarding the composition of low-income households. Additional information was obtained from RIHMFC, the RI Statewide Planning Program, Grow Smart Rhode Island, town documents, and regional newspapers. State-of-the-art affordable housing strategies were evaluated, including materials developed by the American Planning Association and the Brookings Institution, and innovative approaches of cities and towns across the nation. Plan preparation also entailed review of Westerly's current Comprehensive Plan Housing Element, zoning ordinances, and local affordable housing projects at various points in the development pipeline.

CHAPTER II – BARRIERS TO AFFORDABLE HOUSING PRODUCTION

Barriers to affordable housing production in Westerly are common throughout Rhode Island, adjoining portions of Connecticut, and indeed all of southern New England. While cost of land, labor rates and building construction materials are matters beyond the control of local governments, housing opportunities and affordability can be promoted through amendments to local land use codes and municipal development controls -- strategies that this affordable housing plan will focus on.

Table 1: Factors Limiting Affordable Housing Availability in Rhode Island

- High land and construction costs.
- High rents or sales prices.
- High median household income and low vacancy rates.
- Deterioration of older housing stock.
- Elimination of housing stock by demolition or conversion to other uses.
- Marginal funding of federal and state housing programs.
- Unemployment and under-employment.
- Attraction of employment opportunities without consideration of housing supply availability and cost for workers.
- Municipal development moratoria, time-consuming procedures and permit limits, and fees.
- Lack of municipal facilities and services for potentially suitable housing and development sites.
- Failure to use federal, state or private programs designed to enhance housing opportunity and availability.
- Local opposition to affordable housing development.

Source: Handbook on Developing Inclusionary Zoning for the Comprehensive Production and Rehabilitation Act of 2004 (RI Statewide Planning Program)

It is frequently claimed and indeed sometimes the case that local zoning requirements are an impediment to the construction of affordable housing. However, zoning laws were first established in the early 20th Century to eliminate unhealthy and unsanitary conditions that low and moderate income households then suffered from -- overcrowding, lack of air, sun, and open space. Modern day affordable housing strategies cannot be allowed to revert towards these antiquated land use practices. Furthermore, zoning alone cannot be blamed for the lack of affordable housing. Rather, as noted above, it is just a small part of a bigger problem including land costs and the associated private real estate market, the lack of education and job training for the underemployed, and a growing service economy that creates a dearth of decent paying jobs.

Cost of Land

A significant barrier to developing affordable housing in Westerly is the cost and availability of vacant land, which even at locations far from the shoreline sells for \$150,000 to \$200,000 per approved building lot. This is partially a reflection of up-front site development costs for building new roadways across steep slopes, or environmental remediation in order to restore abandoned quarries or gravel banks for new house sites. There is little “decent” remaining vacant land in Westerly that is free of steep slopes, shallow depth or exposed bedrock, or wetlands and watercourses. The high cost of raw land will remain a significant challenge for affordable housing advocates, since it is unlikely that property owners will consider price reductions in a robust real estate market.

Private-Sector Real Estate Market

There is a fixed price for land clearing and house site preparation, foundations, driveways and infrastructure, regardless of how much a house will sell for. These items cost nearly the same, should a new house be sold for \$180,000 versus \$380,000. The difference is that the latter accrues greater profit to developers and real estate brokers, with the consequence that private-sector market targets mostly the high-end buyers. This is particularly the case in Westerly, where many properties are sold to vacation homebuyers or affluent retirees.

This situation is also exacerbated due to continued low mortgage rates and very low down payments, with financial institutions often approving conventional financing at very favorable terms such as a 5% down payment or an interest-only mortgage. These factors allow many households to purchase larger and more expensive homes than they would have been able to afford 10 or 20 years ago. Should mortgage rates go up, however, it would be expected that housing price run ups of recent years would level off, with the market itself encouraging developers to build somewhat lower cost homes.

Local Opposition

“Local opposition to proposed high-density housing developments is one of the greatest challenges facing efforts to promote smart growth in the United States. There is strong public support for limiting the excesses of suburban sprawl that cause such problems as environmental degradation, traffic congestion, and loss of open space. Yet, proposals for alternative housing development that could address many of these problems -- such as infill development, cluster and mixed-use development, and especially high-density housing (apartments) -- often meet intense community opposition.”

ULI/NHMC/AIA Joint Forum on Housing Density
Land Use Policy Forum Report, Urban Land
Institute, Michael Pawlukiewicz & Deborah Myerson
February 2002

CHAPTER III – UNMET AFFORDABLE HOUSING NEEDS

This chapter focuses on Westerly's demographics, with the objective of demonstrating the need for additional affordable housing, and developing the factual background to be used in Chapter IV, which quantifies both the amount and type of housing needed for the community to comply with Rhode Island's requirement that 10% of all *year round* housing units be affordable to low and moderate-income households (RIHMFC does not count seasonal homes when determining the number of housing units in a town).

The "2004 Low & Moderate Income Housing Summary Chart" (revised by RIHMFC, March 2005), shows that for the 2000 U.S. Census year, Westerly had 9,888 total year-round housing units. In 2004, RIHMFC certified 517 units as meeting the statutory definition of affordable housing. This chart further indicates that 5.23% of the town's overall housing stock is affordable. However, this figure is misleading since it was derived by dividing the number of affordable units that existed in 2004 (517) by number of year round housing units from 2000 (9,888) – there was no account for the number of building permits issued each year during the four year period from 2001 through 2004 – necessitating a recalculation below of the percentage of affordable units in Westerly.

According to records of the Westerly Building Official, the town issued 1,206 permits for new housing units during the ten-year period from 1995 through 2004 – an average of 121 units per year (see Appendix C). During the four years from 2001 through 2004, the total number of all housing units increased from 11,292 to 11,690 (that is, 398 additional units). Assuming that RIHMFC's estimated ratio of year-round (87.5%) vs. seasonal housing units (12.5%) remained the same during this four year period, 106 units each year will count towards an increase in year-round housing stock, while the other 15 units built each year reflect seasonal or second home construction (and thus not be counted). Hence this affordable housing strategy uses 10,229 year-round housing units as the denominator when deriving the percentage of affordable housing units in 2004. When dividing this figure by 517, it appears that 5.05% of Westerly's year-round housing stock currently meets the state's definition as being affordable.

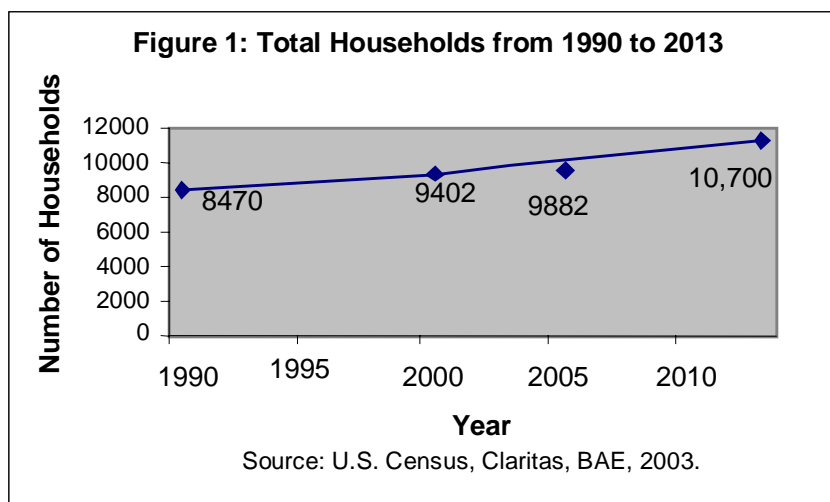
Table 2: Summary of Westerly's Demographics
(Information drawn from 2000 U.S. Census unless otherwise noted)

<u>Population</u> : 22,966 (6.3% increase from 1990 Census population of 21,605)
<u>Total Housing Units</u> (both year-round & seasonal): 11,292 (2000) / 11,690 (2004)
<u>Avg. Number Building Permits issued Each Year, 1996 – 2003</u> : 106 (year-round) / 15 (seasonal)
<u>Year-Round Housing Units</u> (87.5% of total housing units): 9,888 (2000) / 10,229 (2004)
<u>Seasonal Housing Units</u> (12.5% of total housing units): 1,404 (2000) / 1,461 (2004)
<u>Total Households</u> : 9,402
<u>Homeowner Households</u> : 5,999 (63.8% of total households)
<u>Renter Households</u> 3,579 (36.2% of total households)
<u>Average Household Size</u> : 2.4
<u>Low/Mod Households</u> : 4,227
<u>Cost-burdened Households</u> : 2,031
<u>State-Certified Affordable Units</u> : 517 (5.05% of year-round households in 2004)
<u>Shortfall</u> : 506 additional affordable units to meet 10% state-mandated standard
<u>Median Household Income</u> : \$48,742 in 2003
<u>Median Sales Price</u> : \$144,800 (\$200,000 in 2003, an annual increase of 16% since 2000)

To summarize, Westerly has a gap of 506 LMI housing units in the Spring of 2005, which must be constructed if the town is to meet the state-mandated 10% affordability requirement (1,034 total units if all construction were to take place immediately). It should be noted, however, that the total number of affordable housing units required to meet this 10% goal will increase annually as the total amount of year round housing stock also increases.

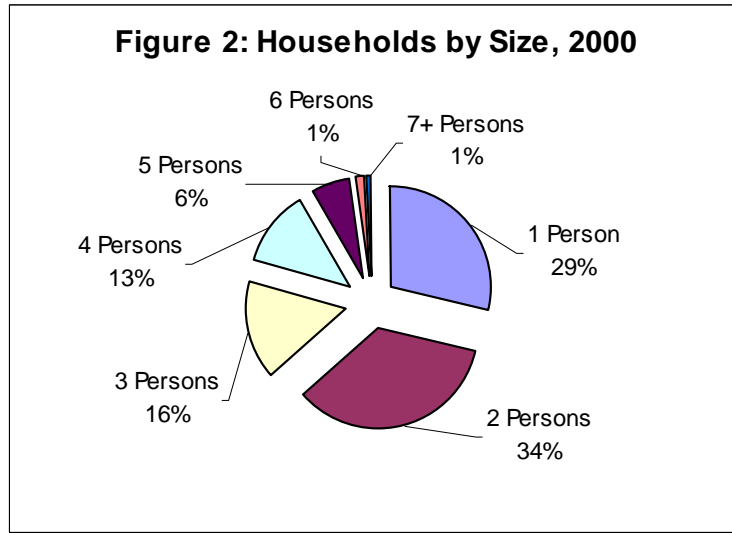
Population, Household & Income Trends

According to the U.S. Census, Westerly's 2000 population was 22,966 year-round residents, reflecting a 0.6 % annual growth rate between 1990 and 2000. If population growth for the past decade remains unchanged, Westerly's 2010 population would also increase 6%, for a total of 24,382 persons. However, this is a more aggressive prediction than that provided by the State of Rhode Island, which project Westerly's population to be only 24,088 by 2010 (*RI Statewide Planning Program, Technical Paper 154*, August 2004). During the 1990's, the number of households grew at an annual rate of one percent, for a total of 9,402 households in 2000. If this rate of growth continues over the next decade, the number of households would approximate 10,700 by 2013, a 14 percent increase over the year 2000.

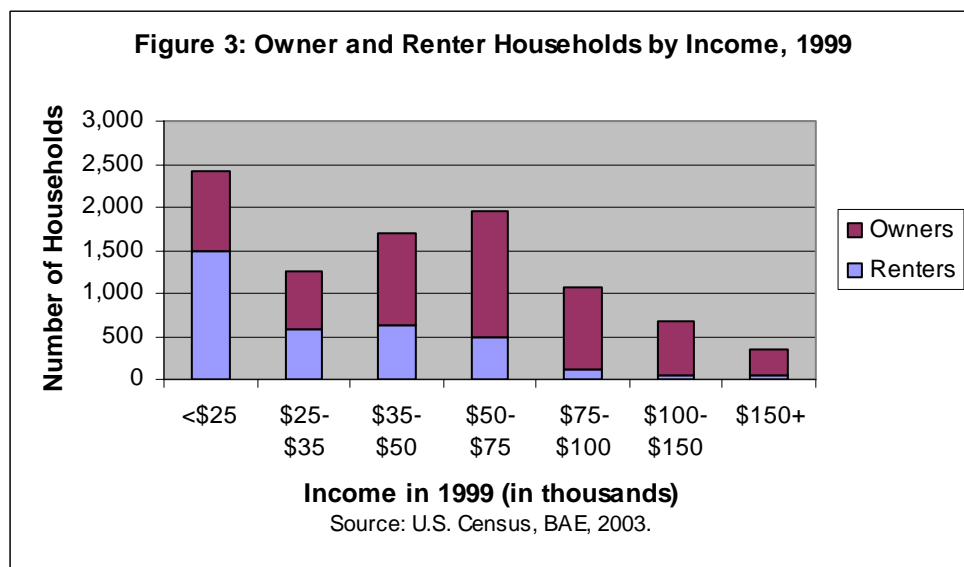


In 2000, average household size in Westerly was 2.40 persons per household, compared to 2.57 for Washington County as a whole. The Census also reported that over 13% of Westerly's householders were aged 75 years or older (compared to 10.2% for Washington County as a whole), which helps explain both the smaller household size and the large number of 1 and 2 person households shown in Figure 2.

According to the CHAS database, Westerly had 2,031 households at or below 80% of median income with significant housing cost burdens in 2000. Of these, 51% (1,030) were renters and the other 49% (1,002) of these LMI households were homeowners.



In 2003, Westerly's median household income was \$48,742 compared to a regional median household income of \$59,937. The high number of elderly living on fixed incomes contributes to Westerly's lower median household income, which in 2000 was 81% of Washington County's median. Figure 3 indicates that households with higher incomes are disproportionately homeowners and those with lower incomes are primarily renters. This is somewhat misleading, however, as many of Westerly's lower-income homeowners are elderly, have paid off their mortgages, and indeed hold a significant amount of equity in their property.



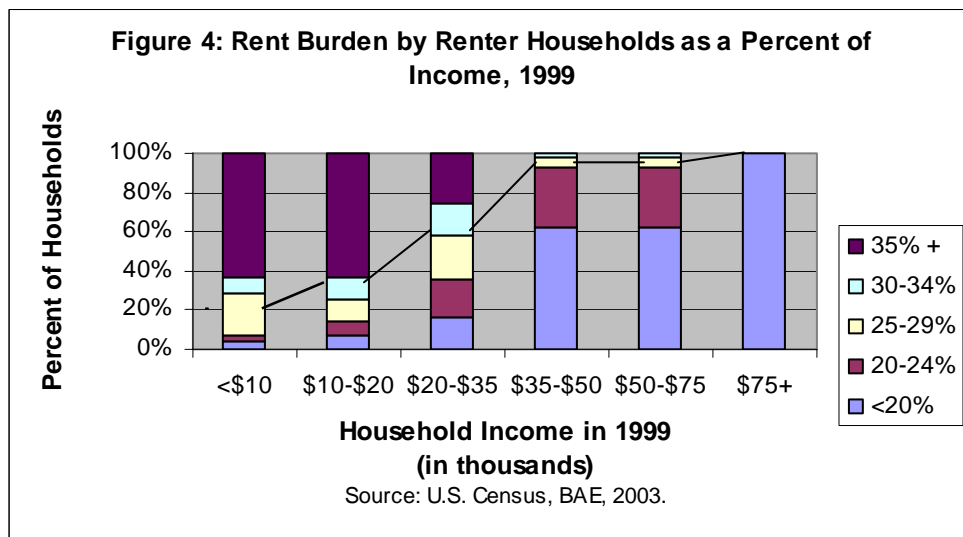
Over 25% of Westerly's housing units are multi-family, the highest proportion of this housing type found in any Washington County town. The remaining 75% of Westerly's housing units are either attached or detached single-family homes, with recent development and construction trends favoring the latter. As noted above, Westerly issued permits for 927 new housing units

between 1996 and August 2003; however, all but 19 of these permits were for single-family homes. This means that multi-family units are composed disproportionately of Westerly's older housing stock, with many built prior to 1940. Furthermore, the local construction market is fueled in part by demand for seasonally occupied second homes -- in 2004 about 12.5% (1,468) of all housing units were second homes, reflecting the Town's status as a shoreline resort.

Rental Cost Burdens

Figure 4 describes rent burdens felt by tenant households in Westerly. Approximately 29% (1,038) of Westerly's 3,579 renter households earn 80% or less than Westerly's median household income, paying more than 30% of their incomes for rent. In 2003, rents recorded by RIHMFC for Westerly were slightly below the statewide average, with a two-bedroom home in Westerly rented for \$844 per month, compared to \$863 statewide. This is a significant increase from 2000, when U.S. Census data indicated that nearly half of all apartments in Westerly rented for \$500 to \$750 per month.

Rental housing opportunities in Westerly are also constrained by the market for vacation homes. Seasonal vacation rentals reduce the year-round stock of affordable homes because landlords often impose nine-month lease restrictions (to allow for summertime rentals), which is disruptive for long-term renters. Also, the high proportion of upper income (\$50,000 and above) renter households in Westerly is related to the desirability of its seaside location, regardless of time of year.



Homeownership Cost Burdens

Local affordable homeownership opportunities have substantially diminished over the past several years, with median sales price of single-family homes in Westerly reaching \$311,250 at the end of 2004, up 16.25% percent from the end of 2003, when the median home price was \$267,750. At the end of 2001, the median sales price for a single-family home was \$215,000, meaning that prices have jumped 45% in just four years (source: www.riliving.com). This price

run-up is skewed somewhat by a seasonal second home market near the shoreline, but in April 2005 the *Providence Journal* reported that just one house was being offered for sale in Westerly for less than \$200,000 – a “fixer upper” at \$199,000. A family buying a home at this price with a 6% mortgage and 5% down payment would need an annual income of at least \$55,000. If interest rates increase to 7% percent, the homebuyer would need an income of at least \$60,000. Of the town’s renter households in 2000, only 44 % could afford to buy a \$200,000 home were one in this price range to actually be available.

Sales of existing multi-family housing units have also jumped dramatically. From January through December 2003, the median sales price for these units in Westerly jumped from \$160,000 to \$227,500, an increase of 42.19% in just 12 months (source: www.riliving.com).

Population with Disabilities

Physical disability is defined as a “condition that substantially limits one or more basic physical activities, such as walking, climbing stairs, reaching, lifting or carrying.” Based on national statistics, only 10% of persons with physical disabilities require wheelchairs in order to be mobile, meaning that actual housing needs of persons with physical disabilities is significantly larger than the number dependent on wheelchairs. Some have physical disabilities that limit their ability to walk a quarter mile without resting, which is the Census Bureau’s definition of a mobility impairment, but are ambulatory and do not require wheelchairs or walkers.

Overall, Westerly had 2,023 reported disabilities in 2000. Among residents aged 16 to 64 years, there were 667 residents with employment disabilities, 165 with physical disabilities, 152 with mental disabilities and 148 people with sensory disabilities. Among senior citizens, 348 residents reported physical disabilities, 146 residents reported difficulty going outside the home and 23 seniors reported mental disabilities.

Census data do not provide good information about how many persons with disabilities are burdened with respect to housing. However, it is reasonable to conclude that persons with disabilities experience the same level of need for affordable housing as non-disabled households in Westerly. Indeed, the Governor’s Commission on Disabilities recently published a report that identified affordable housing as one of the top three concerns of people with disabilities and their families. It is essential that affordable housing for populations with special needs be taken into account, including the elderly who may be dealing with multiple disabilities.

Homeless Population

In 2003, the RI Emergency Food and Shelter Board, with support from the United Way of Southeastern New England and the RI Department of Human Services, undertook a statewide Emergency Shelter Information Project to determine the size and profile of the population that utilized shelter services in Rhode Island. A homeless person was defined as anyone who received emergency shelter, for whatever reason or whatever length of time. This study determined that 83 people utilizing shelters reported Westerly as their last place of residence. Of the twenty-six shelter providers in Rhode Island, only one – the WARM Shelter on Spruce Street – is located in Westerly. It provides a total of 24 beds, far less than documented local need.

The RI Emergency Food and Shelter Board found that the two most important reasons for seeking shelter were a) having no income and b) housing costs. The Board's report stated that homelessness could be effectively addressed through the creation of subsidized family apartments and permanent supportive housing for single adults, through programs like Rhode Island's Neighborhood Opportunities Program.

Definition of Low & Moderate Income Households

Legislation passed in July 2004 includes R.I.G.L. 42-128-8.1, which defines a "moderate income household" as "a single person, family, or unrelated persons living together whose adjusted gross income is more than eighty percent (80%) but less than one hundred twenty percent (120%) of the area median income (AMI), adjusted for family size."

Given the significant number of cost burdened households in Westerly earning 80% or less AMI, all strategies contained in this affordable housing plan specifically target this segment of the population. The underlying rationale is twofold: 1) every single affordable housing unit to be built in Westerly (and thus help the Town meet its 10% goal) can be absorbed by households earning 80% or less AMI; and 2) RIHMFC will not count any units targeting households earning greater than 80% AMI towards Westerly's 10% affordable housing goal.

It is believed that an affordable housing plan embracing 120% AMI as the upper cut-off threshold for a "moderate income household" will result in virtually all sales prices of these so-called affordable units targeted to just those households hovering around 118% or 119% AMI. Sales would go to buyers earning *significantly more* than Westerly's median household, cutting the truly needy out of the local real estate market. Most for-profit developers will build to this more expensive market because of higher profit margins, since 30% of the gross annual income of a household earning 119% of AMI is significantly greater than a household earning 80% or less than AMI.

Summary

R.I.G.L. 45-53 enables municipalities to plan for affordable housing that addresses locally defined needs, and Westerly will pursue a strategy focusing exclusively on the needs of households earning 80% or less AMI. Affordable housing must be capable of serving all of Westerly's low and moderate-income household types, focusing both on rentals and home ownership, and relieve the housing burden of elderly households, families and special needs populations. Since CHAS data indicates the most significant affordable housing need is for households earning 80% or less AMI, affordable housing strategies contained in this plan will focus on this segment of the local population in order to achieve the state-mandated 10% affordability goal.

CHAPTER IV – ESTABLISHING WESTERLY’S AFFORDABLE HOUSING GOALS

This chapter quantifies both the amount and type of housing needed for Westerly to comply with the State of Rhode Island’s requirement that 10% of all year round housing units be affordable to low and moderate-income households.

Existing Low & Moderate Income Housing Stock

Westerly currently has a greater number of subsidized affordable housing than other Washington County towns, most of which is reserved for senior citizens. As seen from Table 3, Westerly had 517 housing units certified by RIHMFC in 2004 as meeting the statutory definition of affordable housing, comprising 5.05% of the town’s 10,229 year-round housing units for that year.

Table 3. Existing Low and Moderate-Income Housing in 2004 (RIHMFC Inventory, Revised March 2005)

<i>Type of Housing (Total 517 Units)</i>	<i>Number Units by Category</i>	<i>Percent units by Category</i>
Elderly Rental		
Public Housing Elderly	110	
RIHMFC Elderly	249	
<i>Total Elderly</i>	359	69%
Family Rental		
Public Housing Family	14	
RIHMFC Family	66	
RHS 515 Rental		
<i>Total Family</i>	102	20%
Special Needs		
Transitional Units	5	
Group Home Beds	51	
<i>Total Special Needs</i>	56	11%

Proportionality of Cost-Burdened Households

HUD’s Comprehensive Housing Affordability Strategy (CHAS) database provides a means for a community to examine the housing needs of its residents at all income levels. The most consistent finding in Westerly’s CHAS data is that a significant number of households, especially those below 80% AMI, pay too large a percentage of their gross monthly income for housing. Guidelines established both by HUD and the State of Rhode Island recommend that low or moderate income households pay no more than 30% of their incomes for housing (homeownership units = principal, interest and taxes; rental units = rent, heat and utilities).

According to Table 4, 42% of Westerly's low and moderate-income households in 2004 were elderly, 37% were family households, and 21% were single-person households and other non-family households ("Other"). However, as seen from Table 3, a disproportionate share of the Town's current affordable housing stock (69%) is age-restricted and targets just the elderly, while a relatively small amount of remaining affordable units (31%) have been set aside for family and "other" households, which together comprise 58% of the documented affordable housing demand. In terms of proportionality, Westerly in the future needs to ensure that only a relatively small number of additional affordable units are built for the elderly, and instead focus a majority of its affordable housing production goals towards underserved segments of the population. In other words, fully half of all future affordable housing units to be constructed in Westerly through 2024 should be targeted towards family households.

Table 4: RI Housing Analysis of Westerly's Low / Moderate Income Housing Need
(Source: RI Housing CHAS Database, November 2004)

Household Type	Proportional Need for 80% or Less AMI projected by CHAS	Number LMI Units Needed by 2024 (1235 x CHAS %)	Existing Housing Supply (2004)	Future Need in 2024, Proportional to Existing Supply (b)
Elderly	42%	519	359 (69%)	160 (23%)
Family	37%	457	102 (20%)	355 (49%)
Other (a)	21%	259	56 (11%)	203 (28%)
Total LMI units	100%	1235	517 (100%)	718 (100%)
Notes: (a) Other includes single-occupant and households with non-relatives. (b) Low/Mod housing units based on State's 10 % affordability threshold.				

Affordable Units in the "Pipeline"

As of March 2005, construction was underway and/or local regulatory approvals had been sought for four development projects that will provide 35 additional units of low and moderate income housing in Westerly, including both non-profit organizations relying on a financial subsidy, and a Comprehensive Permit submission from a for-profit developer utilizing a density bonus afforded under the State's Low and Moderate Income Housing Act, as it was in effect prior to the July 2004 amendments.

- *North End Neighborhood Crimewatch & Community Development, Inc.* – 10 units total (Including 2 units @ #6 Lilac Drive, 2 units @ #66 Pierce Street, 2 units @ #69 Pierce Street, 2 units @ #71 Pierce Street, and 2 units @ 4 Pond Street).
- *South Shore Mental Health Center (Westerly Courts, Inc.)* – 10 units subsidized by HUD's Section 811 Program, located at #65 Beach Street (Plat 86 / Lot 85).
- *South County Habitat for Humanity* – 2 units @ #48 Pierce Street.

- *Spinnaker Landing* – 13 units (20%) within a 66-unit for-profit Comprehensive Permit condominium complex, located on Old Post Road (Plat 112 / Lot 1-40).

Low & Moderate Income Housing Production Goals – 2005 through 2024

While production is off to a good start in Westerly, this trend will have to be sustained throughout a 20-year timeframe if the town is to achieve its objective of reaching the state-mandated 10% affordable housing goal. This translates to the construction of an additional 718 units of affordable housing by 2024. Forecasting future development activity is based on a review of past trends. It is assumed that an average of 106 new year-round housing units will continue to be constructed annually, mirroring building permits issued each year for past decade. In order to accommodate this ever increasing amount of year round housing, an additional 5 affordable housing units much be built each year through 2024 in order not to backslide, and maintain Westerly's current 5.05% stock of affordable housing units throughout this period. Furthermore, an average of 30 to 31 *additional* units of affordable housing must be built each year through 2024 to ensure that at the end of this 20-year planning timeframe, Westerly has achieved the State's mandated goal of 10% affordability goal.

Table 5 illustrates housing production goals through 2024, comparing the total number of year round houses to the number of affordable units that need to be constructed annually. As the years go by, there is an incremental reduction in the number of low and moderate-income housing units that must be constructed. While construction of 36 affordable housing units per year does appear formidable, it is noted above that 35 such units are already in the review and permitting pipeline.

Table 5: Low & Moderate Income Housing Production Goals – 2005 through 2024

Year	Total Year Round Housing Units	Low/Mod Units Needed to Remain at 5.05% Affordable through 2024	Number Additional Low/Mod Units Needed to Achieve 10% by 2024	Affordable Housing Percentage at End of Year
2004	10,229	(517)	N/A	5.05% (517)
2005	10,335	+5 (522)	+31 (31)	5.35% (553)
2006	10,441	+5 (527)	+31 (62)	5.64% (589)
2007	10,547	+5 (532)	+31 (93)	5.93% (625)
2008	10,653	+5 (537)	+31 (124)	6.20% (661)
2009	10,759	+5 (542)	+31 (155)	6.48% (697)
2010	10,865	+5 (547)	+31 (186)	6.75% (733)
2011	10,971	+5 (552)	+31 (217)	7.01% (769)
2012	11,077	+5 (557)	+31 (248)	7.27% (805)
2013	11,183	+5 (562)	+31 (279)	7.52% (841)

2014	11,289	+5 (567)	+31 (310)	7.77% (877)
2015	11,395	+5 (572)	+31 (341)	8.01% (913)
2016	11,501	+5 (577)	+31 (372)	8.26% (949)
2017	11,607	+5 (582)	+31 (403)	8.49% (985)
2018	11,713	+5 (587)	+31 (434)	8.72% (1,021)
2019	11,819	+5 (592)	+30 (464)	8.93% (1,056)
2020	11,925	+5 (597)	+31 (495)	9.16% (1,092)
2021	12,031	+5 (602)	+31 (526)	9.38% (1,128)
2022	12,137	+5 (607)	+31 (557)	9.59% (1,164)
2023	12,243	+5 (612)	+31 (588)	9.80% (1,200)
2024	12,349	+5 (617)	+30 (618)	10.00% (1,235)

Note: Parenthesis = Cumulative number Low/Mod Units at end of each year.

Annual Affordable Housing Production Goals by Household Type

A second goal of this plan is to ensure that the different types of Westerly's cost-burdened households as described in Chapter III are each provided a fair and representative proportion of affordable housing units to be constructed through 2024. As noted in Table 4, a disproportionate share of Westerly's existing affordable housing stock currently targets elderly households, meaning that only 160 units must be constructed over the next 20 years to serve this share of the town's overall LMI population. Rather, it is the underserved segment of Westerly's LMI households that must be targeted, including both family and "other" non-family households. Table 6 shows the number of units intended to serve each household type that should be constructed each year between 2005 and 2024 in order to achieve a fair and appropriate demographic balance.

Table 6: Annual Low & Moderate Income Housing Production Goals by Household Type

Type of Household	Percent of Total LMI, 2005 - 2024	Additional Units Needed to reach 10% Goal in 2024	Needed Units per Year, 2005 – 2024
Elderly	23%	160	8
Family	49%	355	18
Other (a)	28%	203	10
Total	100%	718	36
(a) Other households include single-occupant households and households with non-relatives, also known as "Special Needs".			

While it will not be possible to ensure these numbers are exactly met in any given year, it is imperative that the Town uses its authority under the Comprehensive Permit process to prevent gross imbalances from occurring, such as construction of too many age-restricted units at the expense of units dedicated to family households.

Annual Caps on Affordable Housing Produced Under Comprehensive Permits

In order to prevent runaway private-sector housing development, R.I.G.L. 45-53-4 was amended in July 2004, placing an annual cap on the number of for-profit Comprehensive Permit units that can be built within a municipality:

“A town with an approved affordable housing plan that is meeting local housing needs may limit the annual total number of dwelling units in comprehensive permit applications from for-profit developers to an aggregate of one percent (1%) of the total number of year-round housing units in the town, as recognized in the affordable housing plan . . . [and] the local review board shall have the authority to consider comprehensive permit applications for for-profit developers . . . sequentially in the order in which they are submitted.”

Given Westerly had 10,229 year-round housing units in 2004, a maximum of 102 combined market-rate and affordable units (equaling 1%), is what for-profit developers would have been permitted to build utilizing Comprehensive Permits that year. The total number of these units will increase annually, tied to the figure of what constitutes 1% of Westerly’s total year round housing stock. This production cap applies to all of the units sought under for-profit Comprehensive Permits, and not merely the 25% to be sold or rented to low or moderate-income households. However, this cap does not apply to projects undertaken by non-profit or public agencies. Maintaining a 1% annual cap on for-profit Comprehensive Permit applications is an essential component of Westerly’s affordable housing strategy, in that it will encourage an orderly process growth and development as called for in the Town’s Comprehensive Plan, and not inordinately burden municipal water and sewer infrastructure or the public school system.

Summary

In 2004, Westerly had 10,229 year-round housing units of which 517 (5.05%) were certified by RIHMFC as meeting the statutory definition of affordable housing. By the year 2024, it is projected that Westerly will have approximately 12,349 year round housing units, requiring creation of an additional 718 affordable housing units in order to reach the statutory 10% affordability goal. This plan assumes that it will take 20 years for Westerly to meet or exceed this 10% threshold, requiring construction of 36 affordable units each year during this period. Proportionality is also important. Of the affordable units to be built both by for-profit developers and the non-profit or public sector, 160 (23%) should be dedicated to elderly households, 355 (49%) to family households, and 203 (28%) to single-occupant households and households with non-relatives.

CHAPTER V -- STRATEGIES TO ATTAIN LOW & MODERATE INCOME HOUSING GOALS

Strategies outlined in this chapter will enable Westerly to attain a goal that 10% of the town's year round housing stock be affordable to low and moderate income households at the end of a 20-year timeframe. While certainly not exhaustive, these strategies do cover most of the major policy options available in the United States today that are capable of preserving and promoting affordable housing.

Strategy #1 – Inclusionary Affordable Housing within “For-Profit” Developments

This strategy will produce a majority of Westerly's future affordable housing stock. It relies on private sector development, and affects single-family subdivisions, multi-family residential developments, and mixed residential and commercial projects. This market-based tool for producing affordable housing without using tax dollars has produced thousands of housing units across the United States. Key definitions include “inclusionary zoning” and “density bonuses.” Due to the so-called “hourglass effect,” this approach calls for creation of an “Inclusionary Affordable Housing Overlay District” – an amendment to the zoning map -- in the northern part of Westerly away from the high priced shoreline and coastal ponds.

Comprehensive Permit procedures established by R.I.G.L. 45-24-46.1 enable municipal zoning ordinances to contain “inclusionary zoning” as part of a local affordable housing strategy. The RI Statewide Planning Program's *Handbook on Developing Inclusionary Zoning for the Comprehensive Production and Rehabilitation Act of 2004* defines inclusionary zoning as follows:

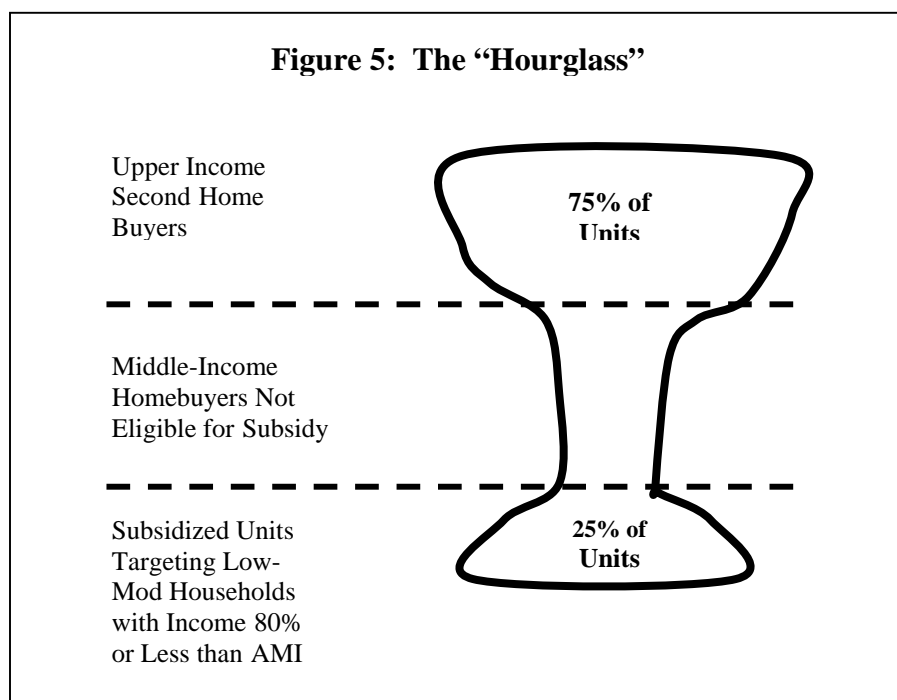
“The fundamental purpose of inclusionary zoning is to allow the development of affordable housing to become an integral part of other kinds of development taking place in a community. Inclusionary housing provisions promote the production of affordable housing by requiring developers to set aside a certain percentage of the housing units in a proposed development to be priced affordable to low- and moderate-income households. It is to the benefit of the public that a minimum percentage of affordable units be constructed to meet the affordable housing needs of the community that adopts the ordinance. The goal of such a process is to establish a relatively permanent stock of affordable housing units provided by the private market. Typically, inclusionary provisions require that new developments include ‘mandatory set-asides’ of affordable units, which are made available to low and moderate-income households within future market-level developments.”

Virtually all Rhode Island municipalities that are subject to R.I.G.L. 45-53 are adopting ordinances making inclusionary zoning a *mandatory* aspect of residential development applications. However, Westerly is taking a hybrid approach, and will use *voluntary* inclusionary zoning when for-profit developers propose affordable housing in residential zoning districts, and *mandatory* inclusionary zoning when for-profit market-rate housing is proposed for “mixed-use commercial and residential developments” located in commercial zoning districts, or

when adaptive re-use of a historic mill contains market-rate housing. In all cases, the Town's approach will be incentive-based, offering for-profit developers a density bonus of market-rate units, provided that they also agree to build a certain percentage of units for low and moderate income households earning 80% or less AMI, deed restricted for a period of not less than 30 years. This strategy would also apply to non-profit entities whose residential development projects will contain market-rate units.

Density Bonus – Allowance given by a local government to a developer that increases the total number of market-rate homes that can be built on a tract of land beyond what is otherwise allowed by right. The density bonus is a primary incentive offered by local government in an inclusionary zoning program to help reimburse developers for the costs of building affordable homes.

The “Hourglass” Effect -- Westerly's affordable housing strategy has been designed to ensure that the community will not be flooded with market-rate residential units under the guise of producing a handful of affordable housing units. Municipalities on the West Coast and in New Jersey have encountered an “hourglass” effect, whereby for-profit developers of affordable housing have sought out prime shorefront locations, and then sell the development's designated market rate units to second home buyers at prices substantially greater than what middle class residents of a community can afford. As seen from Figure 5, the “hourglass” effect occurs when a density bonus of additional market rate units – that is, the builder's subsidy for providing the requisite minimum amount of affordable units -- is intentionally targeted towards upper income households.



Alternatively, it is an objective of Westerly's affordable housing plan to ensure that middle-income homebuyers – that segment of the population earning too much money to be eligible for a subsidy and who must instead rely on conventional mortgage financing – are not themselves cut out of the local housing market. To avoid this, specific geographic locations in Westerly have been identified where for-profit Comprehensive Permit applications will be allowed.

“Inclusionary Affordable Housing Overlay District” – According to R.I.G. L. 45-24-31, an Overlay District is:

“A district established in a zoning ordinance that is superimposed on one or more specific districts or parts of districts and that imposes specific requirements, in addition to, but not less, than those otherwise applicable for the underlying zone.”

A district established in Westerly to promote “Inclusionary Affordable Housing” would fit this statutory definition, in that it would “overlay” atop other existing residential and commercial zoning districts. This is not unique since the town already has overlay districts designed to protect against flood hazards or guide commercial development along Post Road. The affordable housing overlay district proposed in this plan would tie overall density of market-rate units to underlying conventional zoning densities.

Demand for seasonal second homes diminishes with greater distance from the ocean as one proceeds northward in Westerly towards inland portions of the Pawcatuck River. Hence to reduce the “hourglass” effect, it is recommended that the northerly area of Westerly covering slightly more than 50% of the town's geography, be designated on the zoning map as an “Affordable Housing Overlay District.” Within this zone, for-profit developers (and non-profit entities whose projects contain a market-rate component) would utilize a Comprehensive Permit to build greater densities of market-rate units than would be allowed under conventional zoning regulations, provided that a certain percentage of units were set aside for low or moderate income households. By establishing a geographical separating distance from the shoreline, it is believed that the market rate units will themselves be more affordable to middle-income homebuyers who must rely on conventional mortgages.

Figure 6 is a map of Westerly depicting the geographic location of the proposed “Inclusionary Affordable Housing Overlay District.” It is bounded on the north and west by the Pawcatuck River, on the south by southerly edge of those HC, GC and P-15 zoning districts that physically abut the south side of Granite Street and Franklin Street (U.S. Route 1). From the Airport Road / Route 78 intersection the overlay district extends eastward along the north side of Post Road (Route 1) to the Dunns Corners–Bradford Road / Langworthy Road intersection, where it would again encompass those tracts currently zoned HC that surround all four corners of this intersection. From this point, the district boundary extends northward along the west side of Dunns Corners–Bradford Road and Westerly–Bradford Road (Rt. 91), and then along the north side of Woody Hill Road, and northeast side of Church Street (Rt. 216), terminating at a point where this state highway meets the Charlestown Town Line.

Most development in the proposed “Inclusionary Affordable Housing Overlay District” would have access to water distribution infrastructure. Municipal sewer service is also available in

much of this area, especially west of the Rt. 78 bypass. This area also contains most of Westerly's businesses and employers, underutilized industrial and commercial buildings, and has existing residential housing stock in need of rehabilitation. Furthermore, new development in this area will often be "infill", and not generally require use of undeveloped greenfield sites.

As noted in Figure 6, geographic areas of Westerly not proposed for for-profit affordable housing developments are located closer to the town's southern shoreline, or lands to the east of the Dunns Corners-Bradford Road and Bradford Road (Route 91). Areas outside the proposed "Affordable Housing Overlay District" are located at greater distances from most local employers (requiring a greater reliance on private automobiles), have very limited public utility infrastructure, and are envisioned in Westerly's Comprehensive Plan for low-density development or open space preservation.

Zoning Densities for For-Profit Comprehensive Permits – It is recommended that Westerly's zoning ordinance be amended to promote construction of both *voluntary* and *mandatory* inclusionary affordable housing through increased densities of both market-rate and affordable units. Since it is essential to maintain the character of Westerly and provide good quality and cost effective services to residents, establishing a maximum dwelling unit density on a given area of land is a key element of this plan. Hence underlying zoning and carrying capacity issues such as wetlands, the presence or absence of municipal water and/or sewer service, or adequate space for parking will also play a role in defining overall project density.

The number of units allowed via a for-profit Comprehensive Permit would be greater in zones already characterized by high-density zoning, and lower in less dense residential zoning districts. Higher density zones (HDR-6, HDR-10 & HDR-15) generally have both water and sewer infrastructure, medium and some lower density residential zones have municipal water but require on-site sewage disposal systems (MDR-20 & MDR-30), while development in the least dense zones (LDR-40 & RR-60) must rely both on individual private wells and septic systems.

Density bonuses of any type would be disallowed in developments that do not provide the requisite minimum number of units that meet the definition of affordability established under R.I.G.L. 45-53-3, which stipulates a minimum 30-year commitment by the developer – enforced by deed restriction -- that the units be sold or rented to low or moderate income households.

A build-out analysis of the Inclusionary Housing Overlay District does not appear warranted at the present time. In the ongoing development boom, lands considered to have limited development potential (steep slopes, shallow depth to ledge, derelict quarries and gravel banks) are now undergoing intensive subdivision development. Furthermore, while the location and timing of zoning map and zoning ordinance amendments to permit higher development cannot be predicted, it is fair to say that such amendments are now more common given the tremendous run-up in real estate prices, and that such applications are seldom if ever turned down. Therefore, it is believed that the AHOD can accommodate the proposed number of LMI units as additional rezonings take place and as so-called marginal land is reclaimed and developed.

Single-Family Subdivisions & Single-Family Condominiums – Table 7 compares conventional zoning densities for conventional market-rate single-family subdivisions, versus maximum proposed densities for developments that include affordable housing. The density bonus results in creation of one affordable unit for every one additional market-rate “bonus” unit that is permitted above conventional zoning densities, and would apply to both single-family detached homes built on individual lots, and to single-family condominiums in which the underlying land is held in common by an association. The following stipulations would apply: 1) for-profit Comprehensive Permit applications must be located within the Affordable Housing Overlay District outlined above, and 2) a minimum 25% affordable housing component must be provided.

**Table 7: Proposed Densities for For-Profit Comprehensive Permits
Single-Family Lot Subdivisions &
Single-Family Condominium Residential Developments**

Zoning District	Conventional Zoning Maximum Density	For-Profit Comprehensive Permit Maximum Density (Includes both Market-Rate & Affordable Units)
HDR-6	1 Unit / 6,000 SF	2 Units / 6,000 SF
HDR-10	1 Unit / 10,000 SF	2 Units / 10,000 SF
HDR-15	1 Unit / 15,000 SF	2 Units / 15,000 SF
MDR-20	1 Unit / 20,000 SF	2 Units / 20,000 SF
MDR-30	1 Unit / 30,000 SF	2 Units / 30,000 SF
LDR-40	1 Unit / 40,000 SF	2 Units / 40,000 SF
RR-60	1 Unit / 60,000 SF	2 Units / 60,000 SF

The following example demonstrates how this voluntary inclusionary zoning approach would work:

The HDR-6 zone permits 1 residential unit / building lot containing 6,000 sq. ft. land area for conventional market-rate developments. With a Comprehensive Permit, a for-profit developer could double this density to a maximum of 2 units / 6,000 sq. ft. (that is, 1 unit / 3,000 sq. ft. building lot), provided that 1 out of every 4 units to be constructed (25% of all units) is deemed affordable.

Multi-Family Development -- Under conventional zoning, multi-family dwellings are currently allowed by special permit only in the HDR-6 zone (minimum lot size 2 acres / 6,000 sq. ft. per unit), and HDR-15 zone (minimum lot size 4 acres / 15,000 sq. ft. per unit). While these densities are appropriate for those developments whose units are all sold at market-rate, this would be overly restrictive for developers seeking a density bonus who are willing to provide *deed-restricted* affordable housing. Table 8 compares multi-family densities currently permitted under conventional market-rate zoning, versus densities proposed via the for-profit Comprehensive Permit process.

**Table 8. Proposed Densities for For-Profit Comprehensive Permits
Multi-Family Residential Development (Rental & Ownership Units)**

Zoning District	Conventional Zoning Maximum Density	Comprehensive Permit Maximum Density
HDR-6	Multi-Family: 6,000 SF / Unit 2 Acre Minimum Lot Size	Multi-Family: 4,000 SF / Unit 1 Acre Minimum Lot Size
HDR-10	Multi-Family Dwellings Not Permitted	Multi-Family: 8,000 SF / Unit 1 Acre Minimum Lot Size
HDR-15	Multi-Family: 15,000 SF / Unit 4 Acre Minimum Lot Size	Multi-Family: 10,000 SF / Unit 1.5 Acre Minimum Lot Size
MDR-20	Multi-Family Dwellings Not Permitted	Multi-Family: 15,000 SF / Unit 1.5 Acre Minimum Lot Size
MDR-30	Multi-Family Dwellings Not Permitted	Multi-Family: 20,000 SF / Unit 2 Acre Minimum Lot Size
Comprehensive Permit: Maximum density includes affordable units @ 80% or less AMI, plus market-rate units (25% of all units must be affordable); 1 acre = 43,560 sq. ft.		

In addition to being permitted in the HDR-6 and HDR-15 zones, multi-family developments (both rental units and condominium ownership units) containing affordable housing would also be allowed in HDR-10, MDR-20 and MDR-30 zoning districts, subject to the following stipulations: 1) for-profit Comprehensive Permit applications must be located within geographic bounds the Affordable Housing Overlay District outlined above, and 2) a minimum affordable housing component as specified in Table 8 must be provided.

Mixed Residential & Commercial Use – Westerly’s zoning currently permits “mixed residential and commercial use” in non-residential zoning districts, including Neighborhood Business (NB), Highway Commercial (HC), General Commercial (GC), Professional Office (P-15), and Downtown Commercial (DC-1 & DC-2). This type of use is defined as:

“The use of any structure or group of structures on a single lot of record for both residential and commercial purposes . . . Residential uses shall not be permitted on the first floor and basement” (Westerly Zoning Ordinance, Section 260-9).

However, there is currently no maximum limit placed on the number of residential units allowed in such developments. Hence in early 2005, this provision of the zoning ordinance was used to gain approval of 42 market-rate residential units at Granite Plaza, none of which were required to be affordable. This underscores an existing gap in Westerly’s zoning ordinance, in that a housing “cap” could not be imposed at Granite Plaza by zoning; rather, the upward limit was determined when the developer ran out of space for additional parking stalls.

To both remedy this weakness in Westerly's existing ordinance and to promote affordable housing, it is recommend that the following amendment be made to the zoning regulations:

- "Mixed residential and commercial use" would be permitted within in any of the above-listed commercial zoning districts, provided that such zones are located within the geographic bounds of the Inclusionary Affordable Housing Overlay District. No longer would unlimited numbers of residential units be permitted commercial zones that are located outside of the Inclusionary Affordable Housing Overlay District.

In order to diversify the tax base and preserve employment opportunities, housing should always be considered a secondary or ancillary use in Westerly's commercial zoning districts. Hence a residential component would not be required for any proposed development comprised exclusively of commercial, retail or office uses currently permit by zoning. But it is recommended that a minimum 25% affordable housing component be *mandatory* if residential units are to be proposed as part of a commercial development (that is, meeting the zoning ordinance's definition of "mixed residential and commercial use").

Furthermore, it is recommended that a maximum net "*Floor Area Ratio*" (FAR) be established for "mixed residential and commercial use," such that retail and commercial uses always remain paramount, and not placed in a secondary role to residential uses. Net FAR is defined as the total of all floor areas of a building, excluding stairwells, elevator shafts and equipment rooms. Buildings in the Downtown Commercial zone would be allowed greater residential FAR's because historically they have been built to greater heights (i.e., 50' in DC-1 vs. 35' in HC).

Table 9 compares the maximum number of residential units currently allowed in "mixed residential and commercial use" developments (note that there is no maximum limit), versus a proposed net floor area ratio (residential vs. commercial) that would be permitted via a for-profit Comprehensive Permit containing an affordable housing component.

**Table 9. Proposed Densities for “Mixed Residential and Commercial Use” Developments
(Applies to For-Profit Comprehensive Permits within Commercial Zoning Districts
located within geographic bounds of Affordable Housing Overlay District)**

Zoning District	Current Zoning Ordinance	For-Profit Comprehensive Permit	
		Proposed Net Floor Area Ratio (Residential vs. Commercial) within Affordable Housing Overlay District	Inclusionary Affordable Housing Requirements
DC-1	No Cap on Maximum Density or Number of Residential Units	2 sq. ft. residential / 1 sq. ft. commercial	When residential units are proposed, mandatory 25% set aside for households @ 80% or Less AMI. However, commercial developments without a residential component are permitted in each zoning district.
DC-2		2 sq. ft. residential / 1 sq. ft. commercial	
NB		1.5 sq. ft. residential / 1 sq. ft. commercial	
HC		1.5 sq. ft. residential / 1 sq. ft. commercial	
GC		1.5 sq. ft. residential / 1 sq. ft. commercial	
P-15		1 sq. ft. residential / 1 sq. ft. commercial 1 Acre Minimum Lot Size	

Construction Phasing & Architectural Standards

To prevent developers from abandoning a project prior to building units set aside for low or moderate income households, the pace of building affordable units approved via a Comprehensive Permits must reasonably coincide with the construction of the associated market rate units. For a project containing 25% affordability, this would mean constructing one affordable unit for every three market-rate units. Furthermore, it is essential that all low and moderate-income housing units be consistent in terms of exterior construction and design with market rate units, and integrated throughout the development rather than all concentrated together in one portion of the site or within a single building.

Affordability Instrument – Legal instrument used by local government to establish terms of resale for affordable homes. Inclusionary zoning programs typically use deed restrictions and covenants for this purpose. The instrument should contain a resale formula for the affordable home, a right of first refusal, the enforcement mechanism, penalties, and the duration of terms.

Inclusionary Zoning Production Goals -- Approximately 75% of Westerly's annual housing production of all types takes place within the proposed AHOD. Given the proposed 25% inclusion and density bonuses described above, it is projected that this strategy will yield approximately 17 to 25 units per year over the 20-year timeframe.

Other Inclusionary Zoning Issues – Although beyond the scope of this plan, it is essential that the following issues are addressed – preferably with the assistance of RIHMFC and RI Statewide Planning -- prior to issuance of any for-profit Comprehensive Permits:

- Qualifications of applicants for low and moderate-income units, adjusting for different household sizes;
- Calculation of rent and sales prices for low and moderate-income units;
- Controlling the resale of low and moderate-income units over time to ensure conveyance to qualified households; and
- Addressing the increase in a property's value and equity at the time low and moderate-income unit is sold or transferred.

Strategy #2 -- "Scattered Site" Affordable Housing by Non-Profit & Public Agencies

Given high land costs in southern parts of Westerly near the shoreline, it is likely that most affordable housing built by non-profit and public agencies will be located in the Inclusionary Affordable Housing Overlay District. However, there will always be a small number of blighted properties and infill development opportunities located elsewhere in Westerly, not bounded by the overlay zone depicted in Figure 6. Hence non-profit organizations and public agencies should be encouraged to pursue affordable housing throughout the entire community, as site-specific opportunities present themselves. Affordable housing advocates refer to this as "scattered site" development; indeed, this approach is recommended in the housing element of Westerly's 1991 comprehensive plan. Because 100% of units to be constructed or rehabilitated by non-profit or public entities under this scattered site approach will target low and moderate-income households, concern over the so-called "hourglass" effect described above would be unwarranted.

Since there are only limited amounts of state or federal financial subsidies available to non-profit and public housing agencies, the overall number of units produced in any given project will be limited, and are not expected to exceed those allowed to for-profit developers. Consequently, no density caps on scattered site affordable housing by non-profit and public agencies is proposed at the present time, although the Town should reserve the right to revisit this in the future.

Non-profit and public entities that have so far intervened in Westerly's affordable housing market include the Westerly Housing Authority, North End Crimewatch & Community Development, Inc., Habitat for Humanity, and Women's Development Corporation. To ensure a high quality of housing stock, non-profit and public entities proposing affordable housing should all be subject to the Comprehensive Permit review process if the number of units they are proposing on a particular tract of land exceeds that permitted by conventional zoning. This will help ensure that all low or moderate-income housing units are consistent in quality of construction and design with market rate units located elsewhere in the neighborhood. It is projected that with a proposed unlimited density cap for production of 100% LMI housing, these projects could produce an average of 10 units per year for a total of 200 LMI units over the 20-year planning timeframe.

A list of funding sources that have historically been utilized by non-profit and public agencies to develop affordable housing is found in Appendix B – Funding Sources for Development of Affordable Housing.

Strategy #3 -- Historic Mill Adaptive Re-Use & Mill Village Revitalization

This comprehensive strategy calls for adaptive re-use of historic mills for mixed-use or residential purposes, designating state-sanctioned “growth centers” to target infrastructure and redevelopment grant funding, and leveraging private-sector financing through use of historic preservation tax credits.

Industrial Heritage Adaptive Re-Use Zoning -- Following recent zoning trends elsewhere in Rhode Island and nearby Connecticut, it is recommended that Westerly establish overlay “Industrial Heritage Re-Use Districts,” intended to encourage renovation and adaptive re-use of historic mills and neighboring multi-family dwellings. In addition to promoting affordable housing, these zones could also accommodate commercial, retail or office use where such mixed-use is deemed appropriate. The objective would be retention of historic architecture while adapting obsolete or underutilized structures 21st Century needs.

As depicted in Figure 6, Westerly has three historic mills located in the North End, White Rock, and Potter Hill, each surrounded by numerous multi-family dwellings originally constructed to house mill employees. It is fair to say that each neighborhood has seen better days, and that a decline in the town’s manufacturing base has led to a deterioration of housing stock surrounding these mills. The Town is attempting to counteract this trend, and in May 2003 adopted a revitalization plan for the North End neighborhood. This plan encourages for-profit affordable housing development, since it is expected that at least 75% of the units would actually be sold to middle income households who must qualify for conventional mortgages, and thus reestablish a property-owning middle class in a neighborhood now dominated mostly by absentee landlords. It is believed a similar strategy would also work in White Rock and Potter Hill.

As seen from Table 10, Westerly’s three targeted mills contain approximately 202,000 gross sq. ft. of interior space. These mills could contain a total of 157 residential units, assuming: 1) that 85% of this space is made available for residential purposes (the other 15% would be dedicated to interior hallways, stairwells, etc.), and 2) that each residential unit is approximately 1,100 sq. ft. in size. If, as a condition of converting these mills to residential use, 25% of all units were set aside for low or moderate-income households, a total of 39 affordable housing units would be developed. It is recommended that multi-family density limitations contained in Table 8 be waived, and that the number of units instead be determined by factors such as useable gross floor area of each mill structure, the historic density of each mill village, and on-site parking availability.

Table 10. Historic Mills Available for Adaptive Re-Use.

Mill Name	Location	Total Gross Sq. Ft.	Market-Rate Units (75%)	Affordable Units (25%)
Potter Hill Mill	Map 8 / Lot 23	18,000	11	3
White Rock Mill	Map 16 / Lot 1	143,000	83	28
Industrial Drive Mill	Map 46 / Lot 134	41,000	24	8
		202,000	118	39

State Designated “Growth Centers” -- Westerly’s updated Comprehensive Plan will identify each of its mill villages as a “Growth Center,” which according to a report by the Governor's Growth Planning Council (August 2002), “. . . are dynamic and efficient centers for development that have a core of commercial and community services, residential development, and natural and built landmarks and boundaries that provide a sense of place.” In an era of fiscal constraint, it is expected that the state will target much of its infrastructure and redevelopment grant funding towards locally designated Growth Centers, which in turn, would assist Westerly revitalize mill villages targeted by affordable housing developers.

Historic Preservation Tax Credits – State income tax incentives administered by the RI Historical Preservation & Heritage Commission and federal income tax incentives administered by the National Park Service provide an additional tool for private-sector rehabilitation of properties listed on the State and National Register of Historic Places. Currently, downtown Westerly and Bradford Village are on the National Register, and it is expected that the North End Neighborhood will receive this designation in 2005. To encourage redevelopment elsewhere in the proposed Inclusionary Affordable Housing Overlay District, it is recommend that White Rock and Potter Hill Villages also be listed on the National and State Registers of Historic Places, bringing additional tax credits to redevelopment initiatives in these areas.

Strategy #4 – Downtown Arts District Affordable Housing Demonstration Project

The term “struggling artist” is not an exaggeration. Many artists earn little if any money in the early stages of their career, and finding affordable housing is one of the most serious problems they face. By developing a demonstration project providing affordable housing specifically geared toward low-income artists, Westerly has an opportunity to use the incentives provided by the General Assembly to attract artists into its downtown area.

R.I.G.L. 44-18-30B allows tax incentives for artists who live and work in specific districts, including downtown Westerly. This law states:

“The development of an active artistic community, including ‘artists in residence’, in [these districts] would promote economic development, revitalization, tourism, employment opportunities, and encourage business development by providing alternative commercial enterprises.”

Two kinds of tax incentives target artist housing: 1) for artists who *live and work* within a specified district, any sale of work created within the district is exempt from state sales tax, and 2) for artists who *live and work* within a specified district, any income they receive from the sale of work they have created within the district is exempt from state personal income tax.

It is noteworthy that Westerly’s downtown arts district is contained fully within a State and National Register Historic District, which as noted above, offers additional state and federal tax credits for certified rehabilitation projects. Furthermore, Strategy #5 below outlines a proposed local rehabilitation tax credit, which also could be used to assist this endeavor.

In early 2004, a group of artists, arts administrators and housing professionals met to discuss affordable artist housing, particularly artist live/work exhibition/performance space, resulting in a coalition led by Rhode Island Citizens for the Arts, the Rhode Island State Council on the Arts, and the Housing Network of Rhode Island. The RI State Arts Council has made a three year funding commitment to this effort by awarding \$15,000 annually to the Housing Network of Rhode Island, for the purpose of hiring a consultant to manage this process, including developing an affordable artist housing demonstration project.

Elsewhere, Boston's Wainwright Bank provided a \$3.8 million construction loan for Brookside Artists Live Work Studios, which is rehabilitating an existing building into 24 live/work artist studios, 17 of which will be affordable for low and moderate-income artists. It is recommended that the Town approach the statewide artist's housing coalition, and encourage them to investigate opportunities that may exist in downtown Westerly's arts district, including available properties, grant funding and tax incentives, focusing on potential live/work spaces over existing storefronts.

Although Arts District housing would not create a large number of affordable housing units since it is confined to a five-block downtown area, it would contribute significantly to Westerly's ongoing downtown revitalization. Provided there is an appropriate level of property owner commitment and a funding commitment from the state, it is projected that 15 LMI housing units could be created as artist live/work space over the planning 20-year timeframe.

Strategy #5 -- Local Rehabilitation Tax Credits, Revolving Loan Fund & Accessory Affordable Apartments

By bundling together three related programs, it is believed the incentive to individual property owners would be substantial enough to result in creation of additional affordable housing units. These would principally be "accessory affordable apartments," that is, secondary to a principal residential or commercial use. Since they would not substantially alter the exterior appearance of an existing structure or generate much additional traffic, this type of dwelling unit should be permitted throughout the entire town, and not confined to just the Inclusion Affordable Housing Overlay District.

Given the historical use of these types of programs elsewhere, it is projected that these three programs combined will create approximately 3 units per year of LMI housing for a total of 60 units over a 20-year timeframe. Each program contributes a subsidy for dwelling unit rehabilitation or construction, with the proviso that they are subject to a deed-restriction of at least 30 years, and be certified by an approved monitoring agent.

Local Rehabilitation Tax Credits -- It is recommended that Westerly adopt a tax credit for property owners undertaking substantial rehabilitation of existing structures and accessory apartments, provided that they are willing to keep rehabilitated or new housing units affordable for at least 30 years for persons earning 80% or less than AMI. A recommended minimum threshold is an investment of at least \$20,000 in building code or safety improvements (including lead paint removal), with a resultant property tax credit for 20% of the cost of improvements up to a maximum of \$5,000, to be spread over a period of five years. This could be used in

conjunction with other state or federal tax credits described above, or with grants that may be available from RIHMFC or the CDBG program. Since affordable units created through this strategy are contained within existing structures, they would not require additional infrastructure or zoning changes.

Revolving Loan Fund -- In conjunction with a tax credit, the Town should consider establishing a revolving fund. This fund would provide short-term low interest loans for renovations; when the loan is repaid, the capital can then be loaned to another project, thus it “revolves.” By targeting this effort in a concentrated area (such as the North End), a revolving fund can have a tangible and highly visible impact on neighborhood revitalization. A successful example of a revolving fund is operated by the Providence Preservation Society (www.ppsrf.org), which could be used as a model for setting up a similar program in Westerly. By pegging this fund to the tax credit program outlined above, the Town could ensure that loan fund beneficiaries would keep their units affordable for a period of at least 30 years.

Accessory Affordable Apartments -- Westerly’s zoning ordinance currently permits accessory or “in-law” apartments in all residential zoning districts, as well as the P-15, DC-2 and NB zones. They are considered a secondary dwelling unit established in conjunction with and clearly subordinate to a primary dwelling unit (or in case of commercial zones, the principal retail or office use). It is recommended that zoning be modified to also permit accessory apartments in all of the Town’s remaining commercial zones, provided that occupancy would be restricted to low or moderate-income households for a period of not less than 30 years.

Strategy #6 -- Support Creation of a Regional Affordable Housing Community Development Corporation

The Washington County Regional Planning Council (WCRPC) has called for creation of a regional Community Development Corporation (CDC) to provide and promote decent affordable housing to low- to moderate-income people within Washington County and surrounding towns. It is recommended that Westerly work with WCRPC and other cooperating municipalities to create a charitable, non-profit 501(c)(3) corporation for the purpose of creating affordable housing. A board of directors with representation from each participating municipality would define initial programs and activities, and identify and secure funding resources.

WCRPC’s consultant, I² Community Development Consulting, has recommended that the corporation be structured to qualify as a HUD designated Community Housing Development Organization (CHDO). This will assist in providing access to federal HOME funds. Initially, however, it is believed the organization will focus on development and homeownership education – with community technical assistance services and some degree of education and advocacy work helping to round out the effort. Creation of additional local CDC’s specific to the geographic boundary of Westerly alone is *not* recommended, since the town already hosts both the Westerly Housing Authority and the North End Crime Watch & Community Development Corporation.

One of the issues that for-profit developers will face is identifying an entity that is capable of monitoring their designated affordable units for a minimum of 30 years. In addition to

WCRPC's looking at creation of a regional non-profit that would actually develop affordable units in each member town, this new organization may also be able to market its services as a monitoring agency to for-profit developers (i.e., management of long-term affordability covenants). This could be done for a fee, and thus generate program income for this non-profit.

Strategy #7 -- Establish an Informal Local Affordable Housing Partnership

It is *not* recommended that the Town of Westerly establish a formal local Affordable Housing Committee, with membership appointed by Town Council. It is instead recommended that an informal Affordable Housing Partnership be created to monitor and facilitate implementation of this Affordable Housing Action Plan. Membership could be comprised, but not limited to, representatives from existing organizations, including the Westerly Housing Authority, Westerly Municipal Land Trust, the Westerly Town Planning Department, North End Crimewatch, and the WARM Shelter. Combined together, these organizations represent a broad set of perspectives and expertise regarding affordable housing and land use.

CHAPTER VI – IMPLEMENTING & MONITORING WESTERLY’S AFFORDABLE HOUSING PLAN

To assist in implementing Westerly’s Affordable Housing Plan, key action strategies contained in the above chapter are listed in Table 11. This table shows housing production goals broken into five year increments, cumulating in 2024 at the end of the 20-year timeframe when Westerly should reach its 10% affordable housing goal.

**Table 11. Projected Number of Affordable Housing Units
Created by Various Strategies, 2005 through 2024**

Proposed Strategy	Number of LMI Units to be Produced (Calculations from 2005 through 2024 are cumulative)				
	Current Year (2005)	Anticipated Cumulative Production			
		Year 5 (2009)	Year 10 (2014)	Year 15 (2019)	Year 20 (2024)
<i>Beginning Number of Affordable Units in 2005 (stays constant through 2024)</i>	517	517	517	517	517
1) Inclusionary Affordable Housing within “For Profit” Developments	-- 0 --	102	184	290	404
2) Scattered Site Housing by Non-Profit / Public Agencies	-- 0 --	50	100	150	200
3) Historic Mill Adaptive Re-Use & Mill Village Revitalization	-- 0 --	8	36	39	39
4) Downtown Arts District Affordable Housing Demonstration Project	-- 0 --	5	10	15	15
5) Local Rehabilitation Tax Credits, RLF & Accessory Apartments	-- 0 --	15	30	45	60
Subtotal -- Affordable Units	517	697	877	1,056	1,235
Total Number Year Round Housing Units	10,229	10,759	11,298	11,819	12,349
Percent Affordability	5.05 %	6.48 %	7.77 %	8.93 %	10.00 %

Table 12 describes the household and tenure types to be served by each development strategy. The goals depicted for each strategy correspond to Westerly’s proportional CHAS need discussed in Chapters III and IV.

**Table 12. Cumulative Number of LMI Units to be Produced
By Type of Household & Tenure**

Development Strategy	Totals by Strategy	Elderly		Family		Other & Special Needs	
		Rental	Home Owner	Rental	Home Owner	Rental	Home Owner
1) “For Profit” Inclusionary Affordable Housing	404	57	32	59	139	70	47
2) Scattered Site Housing Non-Profit / Public Agencies	200	48	-- 0 --	24	74	38	16
3) Historic Mill Adaptive Re-Use & Revitalization	39	-- 0 --	9	-- 0 --	30	-- 0 --	-- 0 --
4) Downtown Arts District Demonstration Project	15	-- 0 --	-- 0 --	-- 0 --	-- 0 --	10	5
5) Local Tax Credits & Accessory Apartments	60	14	-- 0 --	29	-- 0 --	17	-- 0 --
Totals by Household Type & Tenure	Goal: 718 (100%)	119 (74%)	41 (26%)	112 (32%)	243 (68%)	135 (67%)	68 (33%)
Total LMI Units Added	Goal: 718 (100%)	Goal: 160 (23%)		Goal: 355 (49%)		Goal: 203 (28%)	

Note: “Other” households include single-occupant households and households with non-relatives, also known as “Special Needs”.

Each strategy proposed in Chapter V is again listed on the following pages, relative to objectives, the organizational entities that must carry them out, and expected timeframes needed for specific steps in the implementation process.

Strategy #1 – Inclusionary Housing within “For-Profit” Developments	
Objective	
Establish an “Inclusionary Affordable Housing Overlay District,” offering significant density bonuses to for-profit developers who produce affordable housing units using the Comprehensive Permit process.	
Entities Needed to Implement	
Lead Entity: Westerly Town Council Support Entity: Planning Board & Planning Staff	
Activities	Implementation Timeframe
1) Identify inclusionary zoning ordinance models that best meet local needs, requiring a minimum 25% affordability component in exchange for density bonuses and design flexibility.	2-3 months
2) Draft specific zoning ordinance language and adjust other existing zoning sections to ensure consistency throughout ordinance.	4-6 months
3) Adopt ordinance, after conducting appropriate public hearings and receiving community input.	7-8 months
4) Educate developers on opportunities; implement zoning ordinance.	9 months – 20+ years
5) Monitor quality and quantity of affordable housing production and prepare annual status reports.	Annually

Strategy #2 – “Scattered Site” Affordable Housing by Non-Profit & Public Agencies	
Objective	
Implement a “Scattered Site” Comprehensive Permit policy for non-profit & public entities to pursue affordable housing throughout Westerly, as site-specific opportunities present themselves.	
Entities Needed to Implement	
Lead Entity: Non-profits such as Westerly Housing Authority, North End Crimewatch, Women’s Development Corporation, Habitat for Humanity, etc. Support Entity: Planning Board & Planning Staff	
Activities	Implementation Timeframe
1) Draft specific zoning ordinance language and adjust other existing zoning sections to ensure consistency throughout ordinance.	4-6 months
2) Adopt ordinance, after conducting appropriate public hearings and receiving community input.	7-8 months
3) Identify and work with appropriate non-profit and public affordable housing entities.	9 months – 20+ years
4) Monitor quality and quantity of affordable housing production and prepare annual status reports.	Annually

Strategy #3 -- Historic Mill Adaptive Re-Use & Mill Village Revitalization	
Objective	
Establish overlay “Industrial Heritage Re-Use” zoning encouraging renovation and adaptive re-use of historic mills and neighboring multi-family dwellings, capable of promoting affordable housing. Ancillary initiatives include establishment of state-designated “Growth Centers” and use of state & federal historic preservation tax credits.	
Entities Needed to Implement	
Lead Entity: Westerly Town Council Support Entity: Planning Board & Planning Staff	
Activities	Implementation Timeframe
1) Identify zoning ordinance models that encourage revitalization of historic mills and associated mill villages.	2-3 months
2) Draft specific zoning ordinance language and adjust other existing zoning sections to ensure consistency throughout ordinance.	4-6 months
3) Adopt ordinance, after conducting appropriate public hearings and receiving community input.	7-8 months
4) Educate developers on opportunities; implement zoning ordinance.	9 months – 20+ years
5) Monitor quality and quantity of affordable housing production and prepare annual status reports.	Annually

Strategy #4 – Downtown Arts District Affordable Housing Demonstration Project	
Objective	
Utilize Arts District legislation to promote affordable housing for artists who live and work in downtown Westerly via grants and the bundling of various tax incentives.	
Entities Needed to Implement	
Lead Entity: Coalition of Rhode Island Citizens for the Arts, Rhode Island State Council on the Arts, and Housing Network of Rhode Island Support Entity: Westerly Town Council, Planning Board & Planning Staff	
Activities	Implementation Timeframe
1) Ensure that coalition agrees that Westerly’s arts district is a suitable demonstration product.	2-3 months
2) Identify and emulate successful models such as Boston’s Brookside Artists Live Work Studios.	4-6 months
3) Educate downtown property owners about mixed-use housing opportunities and tax incentives.	7-8 months
4) Apply for construction grants.	9 months – 2 years
5) Monitor quality and quantity of affordable housing production and prepare annual status reports.	Annually

Strategy #5: Local Rehabilitation Tax Credits, Revolving Loan Fund & Accessory Affordable Apartments

Objective

Three interrelated programs: 1) adopt a property tax credit for substantial rehabilitation of existing structures, 2) establish a revolving loan fund, and 3) encourage development of accessory apartments through zoning, provided that property owners are willing to keep rehabilitated or new housing units affordable for at least 30 years for persons earning 80% or less than AMI.

Entities Needed to Implement

Lead Entity: Westerly Town Council
Support Entity: Planning Boards & Planning Staff

Activities	Implementation Timeframe
1) Identify property tax credit models that encourage revitalization of existing structures and accessory apartments.	6-8 months
2) Draft specific ordinance language and adjust other local ordinances to ensure consistency.	9-10 months
3) Adopt ordinance, after conducting appropriate public hearings and receiving community input.	11-12 months
4) Educate property owners developers on opportunities; implement ordinance.	1 – 20+ years
5) Monitor quality and quantity of affordable housing production and prepare annual status reports.	Annually

Strategy #6: Support Creation of a Regional Affordable Housing Community Development Corporation	
Objective	
Support creation of a regional CDC to work in partnership with towns throughout Washington County to promote and develop affordable housing within member municipalities.	
Entities Needed to Implement	
Lead Entity: Washington County Regional Planning Council Support Entity: Westerly Town Council	
Activities	Implementation Timeframe
1) Endorse regional affordable housing initiative.	1 – 2 years
2) Apply for a portion of housing construction grants the CDC brings into the region.	2 – 20+ years

Strategy #7: Establish an Affordable Housing Partnership	
Objective	
Establish an informal Affordable Housing Partnership to monitor and facilitate implementation of this Affordable Housing Action Plan. Organizational membership to represent a broad set of perspectives and expertise regarding affordable housing and land use.	
Entities Needed to Implement	
Support Entity: Town Planning Staff	
Activities	Implementation Timeframe
1) Meet with representatives of Westerly Housing Authority, Westerly Municipal Land Trust, Westerly Planning Department, North End Crimewatch, and the WARM Shelter.	1-3 months
2) Draft organizational guidelines for proposed housing partnership.	3-6 months
3) Preparation of annual report to Town Council and state officials.	Annually

APPENDIX A -- ORGANIZATIONS PROMOTING AFFORDABLE HOUSING

North End Crimewatch and Community Development, Inc. -- A newcomer to affordable housing, currently working with RIHMFC and the Community Development Consortium to develop low and moderate income owner-occupied and rental housing in the North End neighborhood.

Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) -- The principal statewide housing agency that helps low- and moderate-income Rhode Islanders find houses and apartments they can afford. RI Housing helps individuals and families get a low-interest loan to buy a house, find an affordable apartment or house, get money to repair homes or remove hazardous materials such as lead paint and asbestos. Since 1973, they have helped 175,000 Rhode Islanders find houses and apartments they can afford.

Rhode Island Housing Network -- A non-profit organization representing 24 housing corporations, for which it provides a forum for the exchange of ideas and resources. It also serves as a lobbying arm for community development interests, and provides members with information about federal, state and private funding sources. In conjunction with its member community development corporations, the Housing Network offers training programs for prospective homeowners and landlords.

Rhode Island Housing Resources Commission (HRC) -- Created by legislation in 1998, it is the state's planning and policy, standards and programs agency for housing issues. The Commission represents a wide range of constituents, from government to providers to advocates. It is responsible for administering Lead Mitigation Standards, and the state's Neighborhood Opportunity Program.

Rhode Island Local Initiatives Support Corporation (LISC) -- A creative and financial resource for community-based organizations, whose goal is to transform distressed neighborhoods into vibrant and healthy centers of life, learning, and commerce. LISC supports local Community Development Corporations (CDCs) with training, technical assistance, funds, and strategic guidance. Since 1991, LISC has invested \$18.5 million in grants and loans and, through the National Equity Fund, more than \$96 million in equity.

South County Habitat for Humanity -- Habitat has a small presence in Westerly. While it does not add significantly to the affordable housing stock, its presence on the affordable housing front and visibility as a force for the housing needs of families contribute in important ways to community awareness of the issues.

Washington County Regional Planning Council (WCRPC) -- A municipal partnership established in the early 1990s in response to real estate development pressures throughout South County, and the perceived need to plan regionally to protect the a high quality of life and sense

of place. There are nine member communities -- Charlestown, Exeter, Hopkinton, Narragansett, New Shoreham, North Kingstown, Richmond, South Kingstown and Westerly.

Westerly Housing Authority -- The key local entity for affordable housing programs. It operates a small conventional public housing program of 13 scattered site family units, 110 units of elderly/disabled housing and a Section 8 Housing Choice Voucher Program of 198 Vouchers.

Women's Development Corporation -- A statewide non-profit developer of affordable rental housing developer, relying on a variety of state and federal grants and tax credits.

APPENDIX B – FUNDING SOURCES FOR DEVELOPMENT OF AFFORDABLE HOUSING

The following is a list of funding sources that have historically been utilized by private-sector, non-profit and public agencies to develop affordable housing:

1) **U.S. Department of Housing & Urban Development** – HUD has a variety of programs listed below that may be of use in Westerly, details of which can be found at the following web address: www.huduser.org/whatsnew/ProgramsHUD05.pdf

Small Cities Community Development Block Grants: Administered annually through RI Department of Administration, the Town of Westerly utilizes non-entitlement CDBG funds to target LMI households and eradicate slums and blight.

Single Family Housing Programs:

- One- to Four-Family Home Mortgage Insurance (Section 203(b))
- Mortgage Insurance for Disaster Victims (Section 203(h))
- Rehabilitation Loan Insurance (Section 203(k))
- Single Family Property Disposition Program (204(g))
- Mortgage Insurance for Older, Declining Areas (Section 223(e))
- Mortgage Insurance for Condominium Units (Section 234(c))
- Graduated Payment Mortgage (GPM) and Growing Equity Mortgage (GEM)
- Insurance (Section 245(a))
- Adjustable Rate Mortgages (ARMs) (Section 251)
- Home Equity Conversion Mortgage (HECM) Program (Section 255)
- Manufactured Homes Loan Insurance (Title I)
- Property Improvement Loan Insurance (Title 1)
- Counseling for Homebuyers, Homeowners, and Tenants (Section 106)

Multifamily Housing Programs:

- Supportive Housing for the Elderly (Section 202)
- Assisted-Living Conversion Program (ALCP)
- Manufactured Home Parks (Section 207)
- Cooperative Housing (Section 213)
- Mortgage & Major Home Improvement Loan Insurance for Urban Renewal Areas (Section 220)
- Multifamily Rental Housing for Moderate-Income Families (Section 221(d)(3) and (4))
- Existing Multifamily Rental Housing (Section 207/223(f))
- Mortgage Insurance for Housing for the Elderly (Section 231)
- New Construction or Substantial Rehabilitation of Nursing Homes, Intermediate Care Facilities, Board and Care Homes, and Assisted-Living Facilities (Section 232);
- Purchase or Refinancing of Existing Facilities (Sections 232 and 223(f))
- Supplemental Loans for Multifamily Projects (Section 241)
- Supportive Housing for Persons with Disabilities (Section 811)
- Multifamily Mortgage Risk-Sharing Program -- Sections 542(b) and 542(c)

2) **RI Housing & Mortgage Finance Corporation** -- RIHMFC has a variety of programs listed below that may be of use in Westerly, details of which can be found at the following web address: www.rihousing.com

- ***Mortgage Loans*** -- Tax-exempt and taxable first mortgage financing used for construction and permanent financing for terms of up to 30 years, including mixed income projects.
- ***HOME*** -- Grants and low-interest loans to encourage construction or rehabilitation of affordable houses and apartments. Serves as gap financing or seed money. Matching funds are necessary.
- ***Low Income Housing Tax Credits*** -- These federal tax credits are the principal federal program for construction and rehabilitation of affordable apartments. Allocated by RIHMFC, tax credits are a dollar-for-dollar credit against federal tax liability. Developers then sell the credits to investors, for-profit corporations and investment funds, generating the equity necessary to complete their projects.
- ***Next Step*** -- Nonprofit social service agencies may apply for deferred-payment loans for development of transitional apartments for families and individuals in crisis. The maximum loan is \$20,000 per unit.
- ***Pre-Development Loan*** -- Short-term loans to qualified nonprofit developers to cover pre-closing costs incurred in determining development feasibility and obtaining site control.
- ***Targeted Loans*** -- Deferred-payment loans to encourage construction or rehabilitation of affordable apartments. Intended to serve as gap financing to ensure long-term affordability in the absence of other subsidies. Generally, Targeted Loans are available only when used when first mortgage financing is provided by RIHMFC.
- ***Rental Housing Production Program*** -- The primary program for financing, construction and rehabilitation of affordable apartments, combining many financing vehicles into one-stop shopping for affordable housing finance. The units must be affordable to households earning no more than 60% of HUD's median family income.

3) **Federal Home Loan Bank of Boston** -- FHLB offers its member financial institutions four options for funding affordable housing and economic development. Income limits for FHLB programs generally mirror incomes as defined by HUD.

- ***Affordable Housing Program*** -- Grants and subsidized advances for affordable housing in two competitive rounds each year.
- ***Community Development Advance*** -- A reduced-rate advance for funding eligible affordable-housing, economic-development, and mixed-use initiatives.
- ***New England Fund*** -- Provides advances to support housing and community-development initiatives that serve moderate-income households and neighborhoods.
- ***Equity Builder Program*** -- Grants to provide income-eligible buyers with down-payment, closing-cost, and rehabilitation assistance, as well as to offer matched-savings programs.

APPENDIX C – CHRONOLOGY OF WESTERLY BUILDING PERMIT HISTORY, 1995 THROUGH 2004

Source: Westerly Building Official

<u>Year</u>	<u>Units</u>
1995	128
1996	110
1997	114
1998	139
1999	141
2000	176
2001	126
2002	107
2003	95
2004	70
Total Permits:	1,206
Average Per Year:	121